

CCH Board Meeting February 2019

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February 28, 2019



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FY 2018 Draft Unaudited Financials



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Preliminary Observations

- Gross Patient Services Revenues (Charges) grew from \$1.61B to \$1.69B in FY2018, a 5% increase
- Net Patient Service Revenue about flat from FY2017, we expect a further review as we complete the year end audit
- Change in Net Position- projected bottomline improvement vs. FY2017, within 5% of FY2018 budget expectations of \$120M on the accrual basis.
- Systemwide uninsured numbers, captured by visit held about 42%

Draft Unaudited Income Statement for the Fiscal Year 2018 (Thousands)

	2017	2018	\$ Variance	% Variance
<u>Operating Revenues</u>				
Net Patient Service Revenue	593,240	590,021	(3,219)	-0.5%
County Care Capitation	836,538	1,930,510	1,093,972	130.8%
Provident Hospital Access Payments	112,840	106,551	(6,289)	-5.6%
Grant Revenue	11,803	10,000	(1,803)	-15.3%
Electronic Health Record Incentive	3,494	1,559	(1,936)	-55.4%
Other Revenue	13,420	14,029	609	4.5%
Total Operating Revenues	1,571,335	2,652,670	1,081,335	68.8%
Total Nonoperating Revenues	102,499	77,499	(25,000)	-24.4%
<u>Operating Expenses:</u>				
Salaries and wages	677,210	686,681	9,471	1.4%
Pension	235,749	243,363	7,614	3.2%
Supplies & Materials	138,590	159,426	20,836	15.0%
Purchased services, rental and other	242,425	268,561	26,136	10.8%
External Claims Expense	680,190	1,639,856	959,665	141.1%
Insurance	34,295	34,295	(0)	0.0%
Depreciation	25,430	34,427	8,997	35.4%
Utilities	13,695	12,268	(1,426)	-10.4%
Services by other County offices	29,923	29,923	-	0.0%
Total Operating Expenses	2,077,507	3,108,799	1,031,292	49.6%
Loss before capital contributions & transfers in	(403,673)	(378,631)	25,042	-6.2%
Capital Contributions	68,710	63,150	(5,560)	-8.1%
Transfers in	189,510	189,510	-	0.0%
Change in Net Position	(145,454)	(125,971)	19,483	13.4%





FY 2019 Financials



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Systemwide Observations, Finance and Revenue Cycle Metrics



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Observations

Change in Net position challenging to FY2019 targets but drivers to watch vs. same time FY18 include

- Primary Care visits are up by 2%, and Specialty Care visits are up 5%
- Surgical Cases up 1% and slightly below FY2019 Target
- Inpatient Discharges down 11% and LOS 16% lower
- Emergency Department visits are down 1%
- Deliveries are flat
- Case Mix Index is up by 10%, sustained improvement in coding and documentation of our patients complexity, comorbidity and complications
- System-wide uninsured numbers, captured by visit held 44% (Provident 37%, ACHN 44%, Stroger 47%)
- System wide Revenue Cycle ratios challenging in Dec-2018 we expect to sustain FY2018 progress

Income Statement for the One Month ending Dec-2018 (in thousands)

	Year-To-Date		Variance	
	Actual	Budget	\$	%
<u>Operating Revenue</u>				
Net Patient Service Revenue	50,846	62,358	(11,512)	-18%
CountyCare Capitation Revenue	186,503	151,812	34,690	23%
Access Payments	2,892	2,892	-	0%
Other Revenue	109	1,083	(974)	-90%
Total Operating Rev	240,350	218,146	22,204	10%
<u>Operating Expenses</u>				
Salaries & Benefits	53,681	58,861	5,180.02	9%
Overtime	3,961	2,983	(978)	-33%
Contracted Labor	2,220	2,843	624	22%
Pension*	20,280	20,280	-	
Supplies & Materials	16,121	5,171	(10,950)	-212%
Pharmaceutical Supplies	10,659	6,736	(3,923)	-58%
Purch. Svs., Rental, Oth.	18,753	25,888	7,134	28%
External Claims Expense	164,467	118,047	(46,419)	-39%
Insurance Expense	1,864	2,453	589	24%
Depreciation	2,892	2,892	-	0%
Utilities	1,026	824	(202)	-25%
Total Operating Exp	295,923	246,978	(48,945)	-20%
Operating Margin	(55,573)	(28,832)	(26,741)	-93%
Operating Margin %	-23%	-13%	-10%	-75%
Non Operating Revenue	21,604	21,604	-	0%
Net Income/(Loss)	(33,970)	(7,229)	(26,741)	-370%



Financial Metrics

Metric	As of end Dec- 17/YTD	As of end Dec- 18/YTD	Target
Days Cash On Hand**	39	29	60
Operating Margin***	-9.5%	-11%	-5.4%
Overtime as Percentage of Gross Salary	6.6%	7.9%	5.0%
Average Age of Plant (Years)	23.3	23.2	10.7

*Days Cash on Hand CCH target 60 days, Moody's 198 days . Overtime as percentage of Gross Salary target 5% , Moody's 2%

** Days Cash in Hand Point in time i.e. as of end October for each year

***Excludes Pension Expense Target based on compare group consisting of 'like' health systems : Alameda Health System, Medtronic Center, Parkland Health & Hospital System, and UI Health

Revenue Cycle Metrics

Metric	Average FYTD 2019	Dec-18	Jan-18	Benchmark /Target
Average Days in Accounts Receivable <i>(lower is better)</i>	99.5	99	100	45.85 – 54.9*
Discharged Not Finally Billed Days <i>(lower is better)</i>	10.2	9.9	10.5	7.0
Claims Initial Denials Percentage <i>(lower is better)</i>	23%	22%	23%	20%

Definitions:

Average Days in Accounts Receivable Total accounts receivable over average daily revenue

Discharged Not Finally Billed Days Total charges of discharge not finally billed over average daily revenue

Claims Initial Denials Percentage Percentage of claims denied initially compared to total claims submitted.

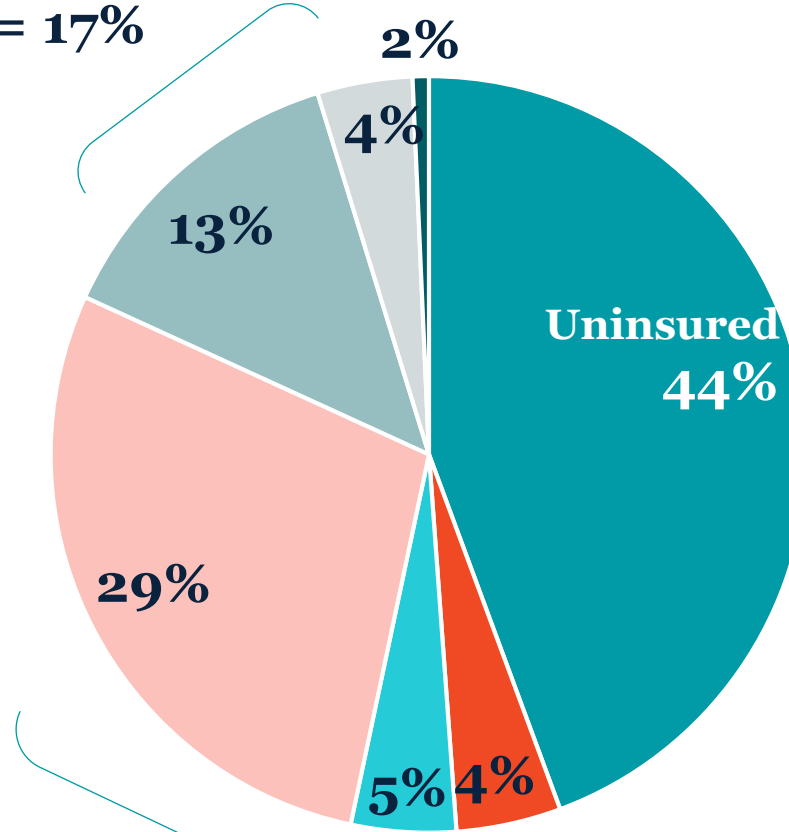
* Source HFMA Key Hospital Statistics and Ratio Margins, 2014



System Payor Mix By Visit

All Medicare = 17%

All Medicaid = 34%



- Uninsured
- Commercially Insured
- Medicaid
- Medicaid Managed Care
- Medicare
- Medicare Managed Care
- Other

Case Mix Index



Questions?



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